(c) to (e) State VAT being a State subject, it is for the Empowered Committee or the State concerned to decide the rates of tax on various commodities including Life Saving Drugs. There had been a demand from various quarters for exempting VAT on Life Saving Drugs, as was the case under the old Sales Tax system. The Empowered Committee discussed this issue in the meeting held on 26th April, 2005 and decided to retain the tax on Life Saving Drugs at 4% alongwith all other Drugs and Medicines.

Closure of Drug Manufacturing units due to Government Policy

†317. SHRI RAJ MOHINDER SINGH MAJITHA: DR. MURLI MANOHAR JOSHI:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that medicine manufacturing units of Punjab, Haryana, Uttar pradesh, Madhya pradesh, Rajasthan, Andhra Pradesh, Maharashtra, Tamil Nadu and Gujarat are at the verge of closure due to Government policies;

(b) whether it is also a fact that organizations of these units have drawn the attention of Government in this direction; and

(c) if so, whether the crisis being faced by these units has been mentioned before Government and the action by Government in this regard?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) to (c) The Government has received representations regarding problems faced by manufacturing units in some of these States, consequent upon the levy of central excise duty on drugs on the retail prices in lieu of the earlier practice of levying central excise duty on ex-factory price. The problem has accentuated due to excuse duty exemption extended to Himachal Pradesh, Uttaranchal and Jammu and Kashmir on the one hand and levying of excise duty on retail prices of medicines.

This Department has examined the representations of these manufacturing units and has proposed the following measures to be considered by the Department of Revenue:

†Original notice of the question was received in Hindi.

(i) Reduce the excise duty on all pharmaceutical products from 16 to 8 per cent;

(ii) Enhance the exemption limit of small scale units from the present Rs. 1 crore to Rs. 5 crores.

Small scale medicine manufacturing units

†318. SHRI RAM JETHMALANI:
DR. MURLI MANOHAR JOSHI:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that small scale units manufacture medicines in the country;

(b) if so, the total number of such units functioning in the small scale sector in each State of the country;

(c) the value of medicine manufactured by these units on an everage annually; and

(d) the percentage of value of such medicines out of the value of total medicines produced?

THE MINISTER OF CHEMICALS AND FERTILIZERS (SHRI RAM VILAS PASWAN): (a) and (b) Yes Sir. Industry sources roughly estimate the number of small scale pharmaceutical units in the country to be around 8000. The registration of SSI units and issue of licences for manufacture of medicines is done by the State Governments concerned.

(c) The turnover of small scale drug/formulation manufacturers is estimated to be around Rs. 7000/- crores.

(d) Industry sources indicate a share of 29% from the small scale pharma sector out of total production of the medicines in the country.

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†Original notice of the question was received in Hindi.